

Assembly Bill No. 16

Passed the Assembly May 8, 2003

Chief Clerk of the Assembly

Passed the Senate August 25, 2003

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2003, at _____ o'clock __M.

Private Secretary of the Governor

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CHAPTER _____

An act to amend Section 30262 of the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 16, Jackson. Oil and gas development: pipelines.

The California Coastal Act of 1976 permits oil and gas development, if specified conditions relating to safety and environmental mitigation are met.

This bill would include, within those specified conditions that are required to be met where oil and gas development is permitted, a condition requiring that all oil, as defined, produced offshore in new or expanded oil extractions, as defined, be transported onshore by pipeline only, and that all pipelines used to transport this oil onshore utilize the best achievable technology, as defined, to ensure maximum protection of public health and safety and of the integrity and productivity of terrestrial and marine ecosystem.

The bill would also include within those conditions a requirement that oil produced offshore be transported to processing and refining facilities by pipeline when it is onshore. However, for new or expanded oil extraction operations where the crude oil is so highly viscous that pipelining is found to be an infeasible mode of transportation, or there is no feasible access to a pipeline, the bill would permit shipment of crude oil over land by other modes of transportation including trains and trucks that meet all applicable rules and regulations, excluding any waterborne mode of transport.

The bill would also include within the specified conditions a requirement that the best achievable technology be used when an offshore well is abandoned, in addition to all other measures that will maximize the protection of marine habitat and environmental quality.

The people of the State of California do enact as follows:

SECTION 1. Section 30262 of the Public Resources Code is amended to read:



30262. (a) Oil and gas development shall be permitted in accordance with Section 30260, if the following conditions are met:

(1) The development is performed safely and consistent with the geologic conditions of the well site.

(2) New or expanded facilities related to that development are consolidated, to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences and will not significantly reduce the number of producing wells, support facilities, or sites required to produce the reservoir economically and with minimal environmental impacts.

(3) Environmentally safe and feasible subsea completions are used if drilling platforms or islands would substantially degrade coastal visual qualities, unless the use of those structures will result in substantially less environmental risks.

(4) Platforms or islands will not be sited where a substantial hazard to vessel traffic might result from the facility or related operations, as determined in consultation with the United States Coast Guard and the Army Corps of Engineers.

(5) The development will not cause or contribute to subsidence hazards unless it is determined that adequate measures will be undertaken to prevent damage from that subsidence.

(6) With respect to new facilities, all oilfield brines are reinjected into oil-producing zones unless the Division of Oil, Gas, and Geothermal Resources of the Department of Conservation determines to do so would adversely affect production of the reservoirs and unless injection into other subsurface zones will reduce environmental risks. Exceptions to reinjections will be granted consistent with the Ocean Waters Discharge Plan of the State Water Resources Control Board and where adequate provision is made for the elimination of petroleum odors and water quality problems.

(7) (A) All oil produced offshore California shall be transported onshore by pipeline only. The pipelines used to transport this oil shall utilize the best achievable technology to ensure maximum protection of public health and safety and of the integrity and productivity of terrestrial and marine ecosystems.

(B) Once oil produced offshore California is onshore, it shall be transported to processing and refining facilities by pipeline.



(C) The following guidelines shall be used when applying subparagraphs (A) and (B):

(i) “Best achievable technology,” means the technology that provides the greatest degree of protection taking into consideration both of the following:

(I) Processes that are being developed, or could feasibly be developed, anywhere in the world, given overall reasonable expenditures on research and development.

(II) Processes that are currently in use anywhere in the world. This clause is not intended to create any conflicting or duplicative regulation of pipelines, including those governing the transportation of oil produced from onshore reserves.

(ii) “Oil” refers to crude oil before it is refined into products, including gasoline, bunker fuel, lubricants, and asphalt. Crude oil that is upgraded in quality through residue reduction or other means shall be transported as provided in subparagraphs (A) and (B).

(iii) Subparagraphs (A) and (B) shall apply only to new or expanded oil extraction operations. “New extraction operations” means production of offshore oil from leases that did not exist or had never produced oil, as of January 1, 2003, or from platforms, drilling island, subsea completions, or onshore drilling sites, that did not exist as of January 1, 2003. “Expanded oil extraction” means an increase in the geographic extent of existing leases or units, including lease boundary adjustments, or an increase in the number of well heads, on or after January 1, 2003.

(iv) For new or expanded oil extraction operations subject to clause (iii), if the crude oil is so highly viscous that pipelining is determined to be an infeasible mode of transportation, or where there is no feasible access to a pipeline, shipment of crude oil may be permitted over land by other modes of transportation, including trains or trucks, which meet all applicable rules and regulations, excluding any waterborne mode of transport.

(8) If a state of emergency is declared by the Governor for an emergency that disrupts the transportation of oil by pipeline, oil may be transported by a waterborne vessel, if authorized by permit, in the same manner as required by emergency permits that are issued pursuant to Section 30624.

(9) In addition to all other measures that will maximize the protection of marine habitat and environmental quality, when an



offshore well is abandoned, the best achievable technology shall be used.

(b) Where appropriate, monitoring programs to record land surface and near-shore ocean floor movements shall be initiated in locations of new large-scale fluid extraction on land or near shore before operations begin and shall continue until surface conditions have stabilized. Costs of monitoring and mitigation programs shall be borne by liquid and gas extraction operators.

(c) Nothing in this section shall affect the activities of any state agency that is responsible for regulating the extraction, production, or transport of oil and gas.

SEC. 2. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.



Approved _____, 2003

Governor

